

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-02 INR-07 L-03

NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 USIA-06 IO-13

SCCT-01 IGA-02 AID-05 EB-07 CIEP-01 TRSE-00 STR-04

OMB-01 CEA-01 COME-00 DHA-02 EA-07 AGR-05 DOTE-00

CU-02 HEW-04 DEAE-00 SNM-02 /114 W

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R 062217Z AUG 76

FM AMEMBASSY CARACAS

TO SECSTATE WASHDC 4280

INFO AMEMBASSY BOGOTA

AMEMBASSY GEORGETOWN

USCINCSO

LIMITED OFFICIAL USE SECTION 1 OF 2 CARACAS 9586

E.O. 11652: N/A

TAGS: PFOR, PINT, PINS, PDIP, EAGR, ETRD, BEXP,

SWEL, SNAR, VE

SUBJECT: THIS WEEK IN VENEZUELA

SUMMARY: THE ARREST OF TWO DEPUTIES IN CONNECTION WITH THE NIEHOUS KIDNAPPING HAS MADE IT EVEN MORE A POLITICAL ISSUE. ASSISTANT SECRETARY LEWIS MET WITH GOV OFFICIALS ON U.N. AND NORTH-SOUTH MATTERS. THE CONGRESSIONAL SESSION HAS BEEN EXTENDED 15 DAYS TO CONSIDER A BS. 44 BILLION CREDIT PACKAGE. NOT QUITE FULL STEAM AHEAD FOR THE MORRISON-KNUDSEN/PULLMAN CONSORTIUM IN THE RAILROAD PROJECT. VAST AREAS OF THE INTERIOR ARE UNDER WATER IN THE WORST FLOODING IN MEMORY. FOOD IMPORT COSTS ARE RISING. COPEI IS LEERY OF POSSIBLE PRESS CONTROL BY THE GOV. VENEZUELA AND PUERTO RICO HAVE SIGNED A NARCOTICS MEMORANDUM. END SUMMARY.

1. DEPUTIES DETENTION CAUSES STORM. THE NIEHOUS KIDNAPPING

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CASE BECAME AN EVEN MORE HIGHLY CHARGED ISSUE THIS WEEK WITH

THE DECISION OF THE GOV TO ARREST DEPUTIES FORTUNATO HERRERA AND SALOM MEZA FOR ALLEGED COMPLICITY IN THE KIDNAPPING. PRESIDENT PEREZ MAINTAINED THAT IT WAS NOT NECESSARY TO LIFT THEIR PARLIAMENTARY IMMUNITY SINCE SUSPECTS IN THE CASE WERE TO BE TRIED BY THE MILITARY COURTS FOR MILITARY REBELLION, A REVERSAL OF THE GOV'S POSITION LAST WEEK THAT IT WOULD FOLLOW CONSTITUTIONAL PROCEDURES IN REMOVING THE DEPUTIES' IMMUNITY PRIOR TO TRIAL IN THE ORDINARY COURTS. FISCAL GENERAL JOSE RAMON MEDINA, WHO IS INDEPENDENT OF THE EXECUTIVE, CONFOUNDED THE SITUATION WHEN HE STATED AUGUST 4 THAT THE DEPUTIES' ARREST VIOLATED THE CONSTITUTION AND ANNOUNCED THAT HE INTENDED TO TAKE THE MATTER TO THE SUPREME COURT. OPPOSITION POLITICAL PARTIES REACTED STRONGLY TO THE DETENTION OF HERRERA AND MEZA WITH MEP CALLING FOR A BOYCOTT OF CONGRESSIONAL SESSIONS AND COPEI, WITH A BACKWARDS LOOK AT THE TORTURE/DEATH OF LEFTIST LEADER JORGE RODRIGUEZ JULY 25, APPEALING FOR THE GOV TO REFLECT ON THE DIRECTION IT IS HEADED. IN AUGUST 5'S CONGRESSIONAL SESSION AD DEPUTY DAVID MORALES BELLO VIGOROUSLY DEFENDED TRIAL OF THE TWO DEPUTIES UNDER MILITARY JUSTICE WHILE COPEI FLOOR LEADER EDUARDO FERNANDEZ MAINTAINED THAT THE POLITICAL SITUATION NOW IS DIFFERENT FROM 1963 WHEN TRIAL OF MEMBERS OF CONGRESS BY MILITARY COURTS WAS JUSTIFIED.

2. LEWIS VISIT. ASST. SEC. FOR INTERNATIONAL AFFAIRS SAM LEWIS VISITED CARACAS AUG 5-6 FOR DISCUSSIONS WITH GOV OFFICIALS ON UN ISSUES AND NORTH-SOUTH ITEMS, PRINCIPALLY CIEC. ON FORTHCOMING UNGA ISSUES THE VENEZUELANS REITERATED THEIR DESIRE TO SPONSOR A SPECIFIC RESOLUTION ON TERRORISM TOGETHER WITH OTHER LA GOVERNMENTS, SAID THEY EXPECT LITTLE FORWARD MOVEMENT ON KOREA, AND AGREED THAT BOTH THE CANAL AND PUERTO RICO ISSUES COULD BE TROUBLESOME. ON CIEC, INTERNATIONAL ECONOMIC AFFAIRS MINISTER PEREZ-GUERRERO EMPHASIZED NEED FOR COMPROMISE, DOWNPLAYED THE RECENT IMPASSE, AND APPEARED TO ACCEPT OUR COMMITMENT TOWARD RESOLUTION OF KEY CIEC ISSUES ON DEBT AND PURCHASING POWER ISSUES. THE GOV APPEARED PLEASED THAT THE USG WISHED TO CONSULT WITH IT ON THESE ISSUES, SINCE THIS INDICATED THAT WE VALUE ITS VIEWS AS A RESPONSIBLE SPOKESMAN FOR THE THIRD WORLD, AND AGREED TO CONTINUE CONSULTATIONS WITHIN BOTH UN AND NORTH-SOUTH DIALOGUE CONTEXTS.

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3. CONGRESS TO CONSIDER CREDIT PACKAGE. THE CURRENT CONGRESSIONAL SESSION, DUE TO END AUGUST 6, HAS BEEN EXTENDED TO AUGUST 22 IN ORDER TO TAKE UP THE GOV'S BS. 44 BILLION CREDIT PACKAGE TO FINANCE THE FIFTH PLAN. THE BILL CALLS FOR BS. 19.3 BILLION TO BE BORROWED ABROAD, BS. 20.3 BILLION FROM THE VENEZUELAN INVESTMENT FUND (SURPLUS VENEZUELAN OIL PROFITS), AND BS. 4.3 BILLION TO BE BORROWED BY GOV AUTONOMOUS AGENCIES. THE OPPOSITION COPEI PARTY OPPOSES THE PACKAGE ON

THE GROUNDS THAT THE BS. 118.8 BILLION FIFTH PLAN CALLS FOR GREATER EXPENDITURES THAN VENEZUELAN HUMAN RESOURCES CAN ADMINISTER EFFECTIVELY, BUT AD'S CONGRESSIONAL MAJORITY ASSURES THE BILL'S PASSAGE.

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4. RAILROAD PROJECT: MORRISON-KNUDSEN/PULLMAN. THE U.S. CONSORTIUM WHICH WAS FORMED TO BID ON THE GOV'S MASSIVE RAILROAD EXPANSION PROJECT HAS MASSIVE MISGIVINGS, AS DO, APPARENTLY, THE OTHER NATIONAL CONSORTIA. THESE MISGIVINGS ARISE FROM THE SIZE OF THE PROJECT (\$1 BILLION, PLUS OR MINUS). THE SHORT TIME TO COMPLETION (JANUARY 1981), AND THE LACK OF ADEQUATE INFORMATION ON WHICH TO ESTIMATE THE CIVIL WORKS PORTION OF THE PROJECT FOR WHICH MORRISON-KNUDSEN WILL BE RESPONSIBLE. THE RAILROAD INSTITUTE IS REQUESTING FIRM PRICE BIDS FOR ALL ELEMENTS OF THE PROJECT; THE U.S. CONSORTIUM IS PROPOSING A TARGET PRICE ESTIMATE FORMULA FOR CIVIL WORKS, COST PLUS FOR THE ENGINEERING, AND FIXED PRICES FOR ROLLING STOCK AND EQUIPMENT. THE RAILROAD INSTITUTE NOW HAS TO REPLY FAVORABLY OR THE U.S. CONSORTIUM WILL DROP OUT OF THE BIDDING, THEY SAY. THE

OUTCOME IS UNCERTAIN.

5. FLOOD WORST IN MEMORY. FLOODING ALONG THE APURE, ORINOCO, AND CARONI RIVERS IS THE WORST IN MEMORY, FAR SURPASSING LIMITED OFFICIAL USE

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THE 1943 FLOODS. THE CIUDAD GUAYANA INDUSTRIAL COMPLEX, WHICH IS LOCATED ON HIGH GROUND, IS NOT THREATENED BUT RISING WATERS MAY WELL FLOOD THE COMMERCIAL AND OLDER RESIDENTIAL DISTRICTS OF CIUDAD BOLIVAR. GOV CIVIL DEFENSE AUTHORITIES HAVE DISPLAYED SKILL AND COMPETENCE IN EVACUATING ABOUT 75,000 PERSONS WITHOUT LOSS OF LIFE. WITH VAST REACHES OF THE LLANOS UNDER WATER, HOUSING, COMMERCE, LIVESTOCK AND CROP LOSSES WILL RUN TO HUNDREDS OF MILLIONS OF DOLLARS. THE ORINOCO IS EXPECTED TO CREST SOMETIME BETWEEN MID-AUGUST AND MID-SEPTEMBER.

6. FOOD IMPORT COSTS RISING. THE GOV HAS INCREASED FOREIGN FOOD PURCHASES TO COVER A RISING FOOD AND FEED DEFICIT AS A RESULT OF FLOOD LOSSES. INCREASED IMPORTS, MAINLY OF CORN, SORGHUM, EDIBLE OILS, MILK, OILSEEDS, TOBACCO, SUGAR AND PULSES, COULD EASILY RAISE THE TOTAL COST OF AGRICULTURAL IMPORTS THIS YEAR TO A RECORD \$700 MILLION VERSUS ABOUT \$550 MILLION DURING 1975. VENEZUELA RECENTLY PURCHASE \$50 MILLION WORTH OF VEGETABLE OILS/OILSEEDS, PRIMARILY FROM THE U.S., IN ADDITION TO THE \$32 MILLION ALREADY IMPORTED. ALTHOUGH VENEZUELA HAS BEEN A NET EXPORTER OF RICE SINCE 1965, TOTAL RICE IMPORTS COULD EXCEED \$20 MILLION DURING 1976

7. PRESS CONTROL. AS A RESULT OF THE UNESCO CONFERENCE IN COSTA RICA, WHICH RECEIVED HEAVY COVERAGE IN THE LOCAL PRESS, FREEDOM OF THE PRESS HAS BECOME A MAJOR ISSUE. LAST WEEK COPEI STATED ITS OPPOSITION TO GOVERNMENT INTERFERENCE WITH THE MEDIA. COPEI CAME OUT THIS WEEK AGAINST THE IMPORTATION OF ALL NEWSPRINT BY A SINGLE GOV-CONTROLLED FIRM AND CHARGED THAT SUCH A MONOPOLY COULD CONSTITUTE A THREAT TO FREEDOM OF EXPRESSION.

8. VENEZUELA-PUERTO RICO, SIGN NARCOTICS ACCORD. RAFAEL SANTOS DEL VALLE, PUERTO RICAN STATE SECRETARY FOR ANTI-DRUG ADDICTION SERVICES, AND HIS ASSISTANT, DR. ANGEL PACHECO, VISITED CARACAS AUGUST 1-6 AT THE INVITATION OF THE GOV COMMISSION AGAINST DRUG ABUSE (CCUID). THE TWO OFFICIALS EXCHANGED CONCEPTS AND INFORMATION ON DRUG ABUSE PREVENTION, TREATMENT AND REHABILITATION PROGRAMS WITH THEIR VENEZUELAN COUNTERPARTS. SANTOS AND CCUID CHAIRMAN MARCEL GRANIER SIGNED A MEMORANDUM AUGUST 6 OUTLINING AVENUES OF FUTURE COOPERATION BETWEEN THE TWO AGENCIES.

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